

Message Text

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PAGE 01 STATE 222511

72

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DRAFTED BY S:LSEAGLEBURGER:ML

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TOSEC 346

E.O. 11652: N/A

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: CONGRESSIONAL LETTER

FOR THE SECRETARY FROM EAGLEBURGER

1. FOLLOWING IS TEXT OF A LETTER FROM CARL MARCY TO ME:
QUOTE HERE IS A QUESTION TO WHICH ONE OF THE MEMBERS OF
THE FOREIGN RELATIONS COMMITTEE WOULD LIKE AN ANSWER AT THE
EARLY CONVENIENCE OF THE SECRETARY: INNER QUOTE IN VIEW OF
THE CUTBACKS IN ARAB OIL PRODUCTION WHICH HAVE OCCURRED
AND CAN BE EXPECTED TO CONTINUE, HAS THE STATE DEPARTMENT
MADE ANY REQUESTS TO THE MAJOR OIL COMPANIES TO INCREASE
PRODUCTION IN OTHER PARTS OF THE WORLD? FOR EXAMPLE, WE
HAVE BEEN TOLD THAT OIL PRODUCTION IN IRAN CAN EASILY BE
RAISED BY FIFTY PERCENT BUT THAT THE COMPANIES ARE NOT
DOING SO. WE UNDERSTAND THAT PRODUCTION IN THIS NON-ARAB
MIDDLE EASTERN STATE IS CURRENTLY AT 6 MILLION BARRELS A
DAY AND THERE IS NO REASON NOT TO PUT IT UP TO 9 MILLION
EXCEPT THAT THE COMPANIES DON'T WANT TO. HAS STATE PUT
ANY PRESSURE ON THE COMPANIES? END INNER QUOTE THE ANSWER
TO THIS QUESTION WILL BE PASSED ON TO THE INTERESED

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PAGE 02 STATE 222511

SENATOR AND WILL BE MADE PART OF THE EXECUTIVE SESSION

RECORD OF OCTOBER 31. END QUOTE

2. THE FOLLOWING IS THE DRAFT REPLY WHICH I WOULD SEND
BACK TO MARCY: QUOTE THE FOLLOWING IS THE SECRETARY'S

RESPONSE TO THE QUESTION POSED IN YOUR LETTER OF
NOVEMBER 6. IN OUR EXAMINATION OF MEANS TO DEAL WITH THE
ARAB OIL BOYCOTT WE HAVE CONSIDERED ALL OF THE POSSIBILITIES
OF INCREASING PRODUCTION FROM NON-ARAB SOURCES. WE HAVE
BOTH PRESSED THE OIL COMPANIES IN THIS REGARD AND HAVE
ASKED OUR EMBASSIES IN OTHER COUNTRIES TO INVESTIGATE
POSSIBILITIES INDEPENDENTLY. WHAT WE HAVE FOUND GENERALLY
IS THAT EVEN PRIOR TO THE BOYCOTT PRODUCTION IN ALL
COUNTRIES WAS RUNNING AT VIRTUALLY FULL CAPACITY. WHILE
IT IS THEORETICALLY POSSIBLE TO PRODUCE SOMEWHAT IN EXCESS
OF CAPACITY FOR LIMITED PERIODS OF TIME, THIS WOULD ADD
ONLY A FEW HUNDRED THOUSAND BARRELS PER DAY AT BEST. ANY
SIGNIFICANT INCREASE IN PRODUCTION WOULD REQUIRE EITHER
IN-FIELD DRILLING OR NEW EXPLORATION. THIS WILL OBVIOUSLY
NOT BE HELPFUL IN AN EMERGENCY SITUATION, ESPECIALLY WHEN
ALL AVAILABLE DRILLING EQUIPMENT IS ALREADY BEING FULLY
UTILIZED ALL OVER THE WORLD. REGARDING THE SPECIFIC
REFERENCE TO IRAN, WE ARE INFORMED THAT THERE IS INDEED A
PLAN TO INCREASE PRODUCTION THERE FROM THE PRESENT LEVEL
OF 5.6 MILLION BARRELS PER DAY. HOWEVER, IT WILL NOT BE
UNTIL 1976 THAT IRAN'S FULL PRODUCTION POTENTIAL OF
8 MILLION BARRELS PER DAY WILL BE REACHED. IF I CAN BE OF
FURTHER ASSISTANCE, PLEASE CALL ON ME. END QUOTE

3. REQUEST APPROVAL. RUSH

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